

INSTITUTE OF CURRENT WORLD AFFAIRS

FJM-27 The Commonwealth Caribbean III Port of Spain, Trinidad
 The Politics of Power March 1, 1971

Just as American corporate investment in the Caribbean has increased substantially, particularly during the post-war period, so, too, has there been a concomitant growth of United States political activity in the region. Especially since the failure of the Bay of Pigs invasion, these activities have become much more apparent and, significantly, far more sophisticated than the traditional forms of United States intervention. Until 1961, when American political interests were jeopardized direct military action was a normal response. Since then, America's political presence in the Commonwealth Caribbean has been re-enforced by more subtle programs that operate within, rather than from outside of, the social infra-structure of the island societies. These programs, costing approximately \$25 million in FY 1970-71, have been developed by the Agency for International Development (AID).

An arm of the United States State Department, AID's activities in the Caribbean have been promoted as the region's answer to greater economic independence and development. The reverse, in fact, has occurred. From a Commonwealth Caribbean viewpoint, economic dependency is far greater today as a result of AID than



AIFLD's director in Guyana, Arthur Maxwell (left) greets U.S. Ambassador King at the Guyana Industrial Training College, one of several projects funded by US AID in the Caribbean.

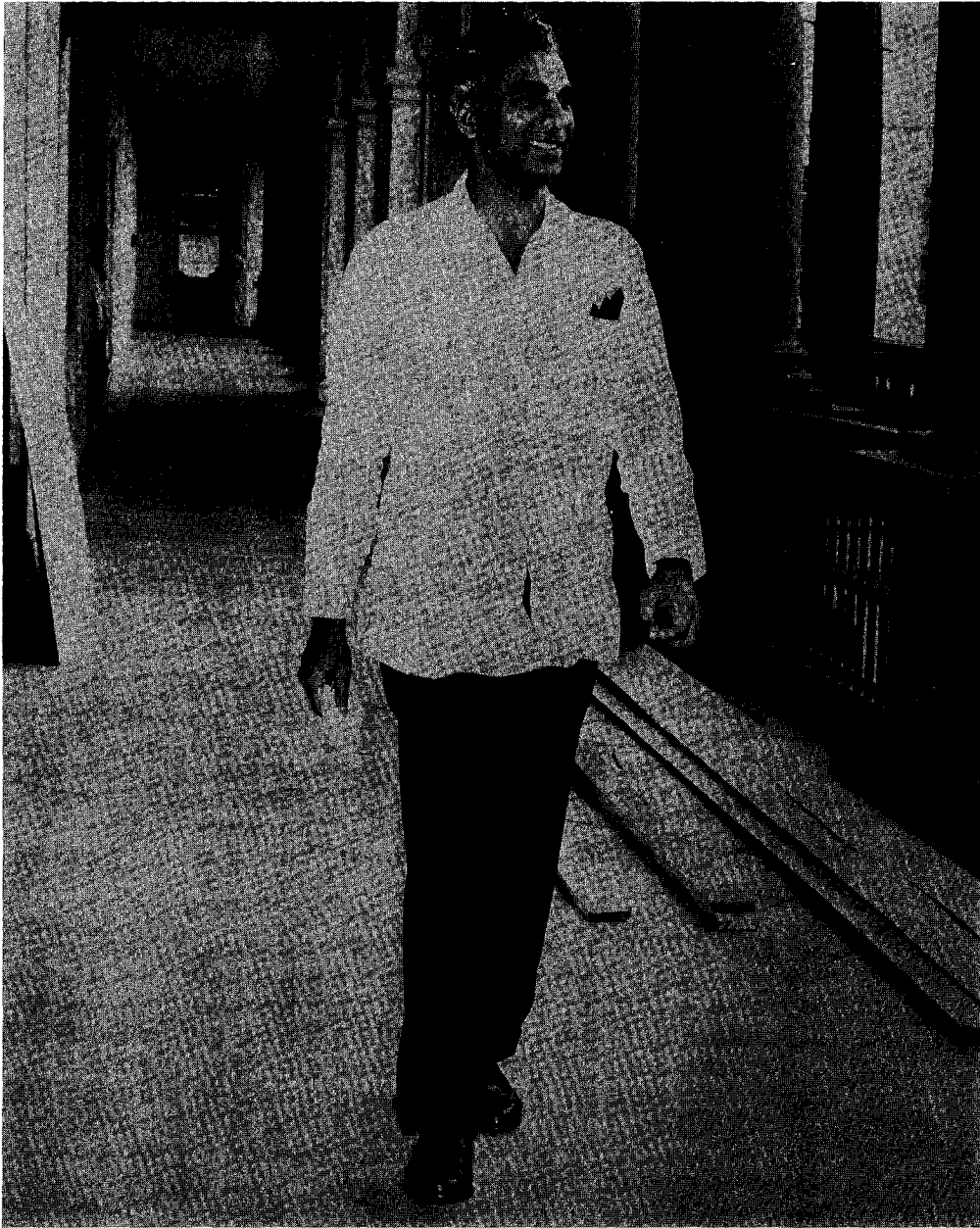
This newsletter is adapted from a chapter on the Commonwealth Caribbean states included in a forthcoming book, The United States and the Caribbean, edited by Tad Szulc and published by Prentice-Hall.

before such programs were initiated. Instead of greater independence, monies from AID have only made more aid necessary. Meanwhile, the primary beneficiaries of those millions have not been the Caribbean people but American corporations that profit from AID-assisted, investment programs. Specifically, AID funds have gone into roughly seven programs that assist American businessmen to locate, evaluate, modernize, underwrite, ensure and politically protect their Caribbean investments. AID has also organized Commonwealth Caribbean labor unions, police and military, thus ensuring that investment in the region is not only a very lucrative, but very painless, process.

AID's Office of Private Resources (now renamed Overseas Private Investment Corporation) has several programs that assist United States investors in their development of the Caribbean. As a start, "to induce entrepreneurial interest in priority areas," there is the pre-investment program. Through this program, AID will reimburse a given company for half of the cost of a survey (feasibility study) if, after surveying a potential investment, the company decides not to invest. As a result, much of the risk of investing in underdeveloped countries is eliminated. And if, after taking the survey, the company does not invest, AID will make the report available to other potential United States investors. If, on the other hand, the feasibility study indicates that an investment is profitable, AID will provide 75 percent of the loan and equity guaranty. Thus, if the United States firm can arrange to have the other 25 percent underwritten by the host country, something many Caribbean governments would do, the company will be fully covered.

Through a political risk insurance program, AID will insure the investor against losses "arising from inconvertibility, expropriation, war, revolution or insurrection." In the Caribbean, this program has provided \$440 million of risk insurance to approximately 40 companies and large corporations (bauxite and petro-chemicals among them) since its inception. Currently, the entire program has outstanding coverages totalling \$7.3 billion, world-wide.

Once located, underwritten and insured, the American investor can be sure that AID will make every effort to see that the company operates within a stable climate. For this service, AID relies primarily on its Office of Public Safety. Begun in 1962, the Public Safety Program is "coordinated in the field by the Country Team (the American Embassy) and in Washington by an inter-agency program review," according to AID's official report to Congress. The point of the program is to develop the local police forces so that they are able first "to perform their regular duties more efficiently;" second,



One of the primary reasons so much AID has gone to Guyana: leader of the opposition, Dr. Cheddi Jagan. Dr. Jagan was head of the Marxist Peoples Progressive Party and Prime Minister of Guyana when AIFLD money and personnel helped to organize a nation-wide strike that eventually ousted him from power.

to acquire "investigative skills for detecting criminal or subversive individuals and neutralize their activities;" and third, "to control militant activities ranging from demonstrations, disorders or riots through small-scale guerrilla operations." The policy that underlies Public Safety is perhaps best described by former AID administrator David Bell:

Maintenance of law and order including internal security is one of the fundamental responsibilities of police ... Successful discharge of this responsibility is imperative if a nation is to establish and maintain the environment of stability and security so essential to economic, social, and political progress, and to attain the goal of free, stable, independent and self-reliant government. Clearly, this progress and this goal will not be attainable if law and order is replaced by disorder and violence. Communist subversion, terrorism, and insurgency typically strive to break down law and order and internal security..... Plainly, the United States has very great interests in the creation and maintenance of an atmosphere of law and order under humane civil concepts and control, and in countering Communist efforts in all forms. When there is a need, technical assistance to the police of developing nations to meet their responsibilities promotes and protects these U. S. interests. This is the function of the A.I.D. Public Safety Program.....

Currently, AID's Public Safety programs are operating in 31 different countries, and Public Safety technicians in the field are in touch with over a million policemen throughout the world. In the Caribbean, Public Safety is supported in a program that runs to \$1.7 million. Guyana, for political reasons (to combat the influence of the Marxist-oriented Peoples' Progressive Party) has received special attention from AID: a total of \$1.25 million has been authorized for training Guyanese policemen (32 have been to Washington's International Police Academy); for the purchase of counterinsurgency equipment; and for the support of Public Safety personnel in the area. Jamaica's program has been less costly. During the past two years, \$514,000 has been spent training 34 Jamaican policemen at the Academy.

American corporations and OPS programs, however, represent only two sides of a triangular penetration of the Commonwealth Caribbean. The third side, without which the ease of this process would be severely threatened, is the organized "Americanization" of the Caribbean trade union movement in a region where, with the sole exception of Trinidad, most major political parties are rooted in labor unions and where the vast majority of premiers, prime ministers or even leaders of the opposition are themselves trade unionists. Thus, the axiom holds that the politics or ideology of the

trade union movement reflect the policies of the regional governments and that the more receptive Caribbean labor is to the presence of American investment and management patterns, the more so will be the regional politicians.

In this regard, the most effective programs designed to Americanize or, in the more subtle parlance of its enthusiasts, "to strengthen and develop a free trade union movement in Latin America and the Caribbean" are those implemented by the Washington-based American Institute for Free Labor Development (AIFLD). Founded in 1961 by President Kennedy and George Meany, and since then a channel for approximately \$100 million in AID, American Federation of Labor, and corporate funds, the AIFLD has become, as Senator J. William Fulbright has said, "the primary, if not exclusive, instrument for implementing U.S. labor policy in Latin America" -- a recognition justly deserved. The men and money behind AIFLD are an ironic combination of the U. S. Government (once reportedly funded by Central Intelligence Agency, AIFLD now receives 90 per cent of its grants from AID), the AFL-CIO (George Meany's International Affairs Directorate pumps 20 per cent of its budget into AIFLD in the form of loans) and United States corporations (over seventy American companies have contributed to AIFLD programs). AIFLD explains this unique blend of government, business and labor as a "reflection of the true pluralism and consensus of American society." Another example of this blend is the ironic fact that the Chairman of the Board of this arm of American labor in the Caribbean is J. Peter Grace, President of W. R. Grace and Company and one of the largest investors in the Caribbean (W. R. Grace owns Federation Chemical in Trinidad).

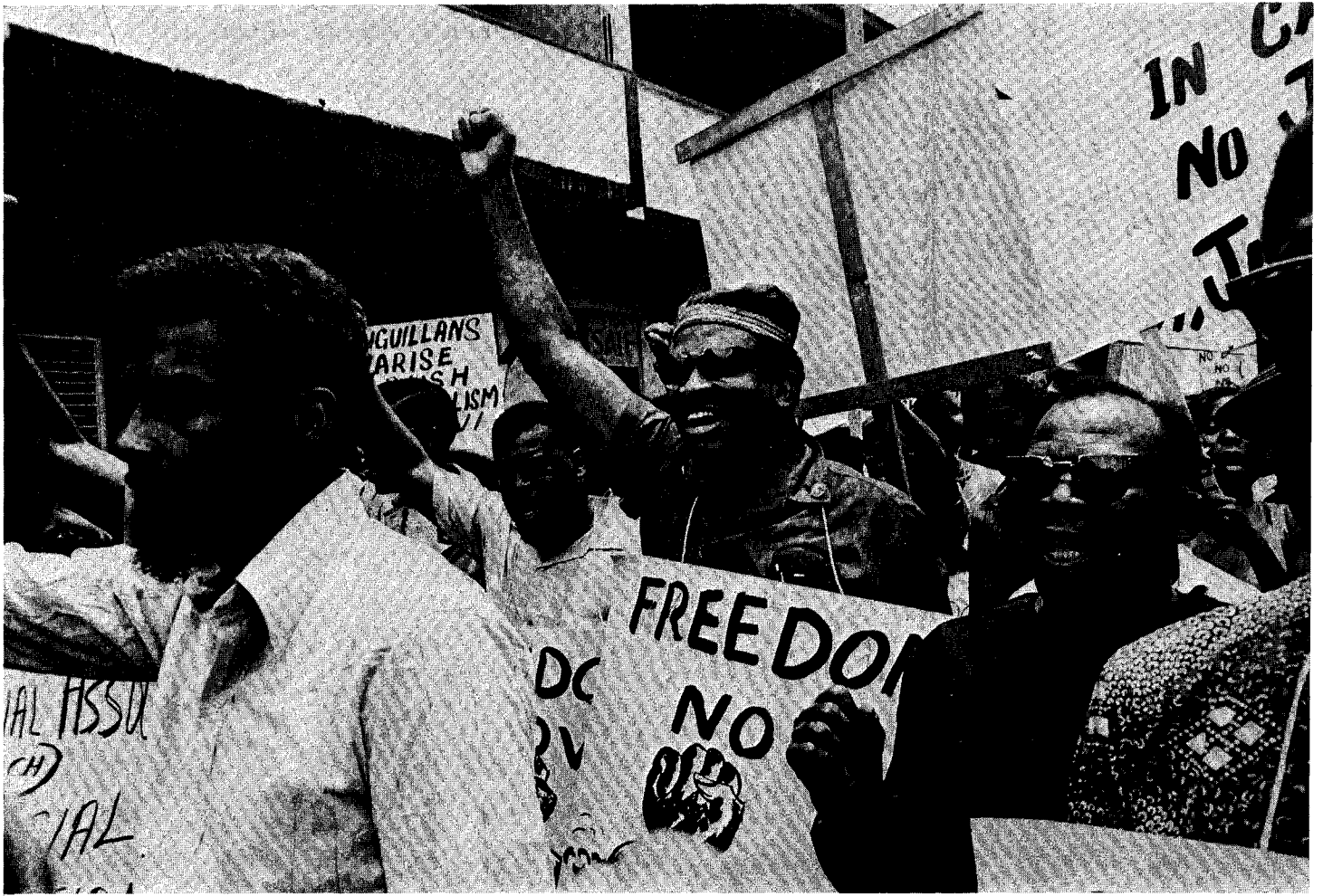
Since its inception, AIFLD's goal of "strengthening and developing free trade unionism," has been partly accomplished by training 148,515 local trade unionists in regional seminars held throughout Latin America and the Caribbean. From this group, 1,000 men have taken an advanced course in trade unionism at the Institute's Front Royal school near Washington. This course, lasting three months, also pays the selected trade unionist for nine months on his return to the local movement. Finally, a very select few, numbering 70 to date and averaging 20 each year, are given a year's course in labor economics at Georgetown University in Washington, D. C.) In the Caribbean alone, 5,000 trade union leaders have participated in these AIFLD-sponsored seminars held in Jamaica, Guyana and Trinidad; and a core group of 75 trade unionists, including the current leadership of the Caribbean Congress of Labor, have attended the labor-college at Front Royal and been supported for a year on their return to the Caribbean.

Indeed, AIFLD's work has been varied. In 1963, for example, the AIFLD's Serafino Romualdi and Arnold Zander of the Public Services International (one of 17 International Trade Secretariates

linking United States and third world trade unions) were reportedly responsible for channeling CIA funds and personnel into a strike committee composed of anti-government elements attempting to overthrow the popularly-elected government in Guyana. The result in the end was a series of race riots and a general strike lasting eighty days that has left Guyana a racially divided nation ever since. More recent are the subcontracts AIFLD has allocated to at least eight American ITS affiliates. These subcontracts (AID funds that AIFLD then contracts out), totalling over a million dollars annually, are used by the American trade union affiliates to operate programs in the Caribbean, programs designed to orient the regional membership to a United States-styled trade unionism, though George Meany has often denied it. In some cases, the American affiliate, such as the International Federation of Petroleum and Chemical Workers, attempts to discredit the local trade union leadership. This is clear from the following request for funds made by the IFPCW's General Secretary, Lloyd Haskins, in May, 1968:

In the Caribbean, most of our activities have been concentrated in Trinidad. The Oilfield Workers Trade Union is our largest affiliate in this area. During the past few years, its leadership has come under increasing communist leadership, if not under the direction of communist leaders... We have a full-time office established in Trinidad and its purpose is to preserve the OWTU for the democratic trade union movement... During the next few months, an election will be held in this Union which could well determine the course which it will take in the future. Its present leadership is being challenged by a group of leaders who are dedicated to the free trade movement... The petroleum industry is one of the most vital industries in the Caribbean and Central America. Many new refineries have been built in this area and they are the target for trade union activity for the organization. Our expenditures will be small in each of the countries; however, they will be most important because of the effect these programs will have on the economies of the countries in that area.

It must be noted that, undoubtedly, Haskins is here referring to the Oilfield Workers' President General, George Weekes, who has long opposed United States domination of Trinidad's oil industry. Weekes is an economic nationalist and a strong opponent of Prime Minister Williams.



President General of the Oilfield Workers Trade Union George Weekes (center with upraised fist) during one of Trinidad's many demonstrations last year

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The following year, this assessment of the IFPWC program in Trinidad was sent by AIFLD to AID:

The IFPCW program in this area continued to make steady progress to diminish the effectiveness of the communist element among the leaders of the largest IFPCW affiliate in the Caribbean, the Oilfield Workers' Trade Union in Trinidad.

Frank Mc Donald

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Received in New York on March 4, 1971.